



**R.S. ABRAMS & CO., LLP**

*Accountants & Consultants for Over 75 years*

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September 20, 2022

To the Board of Education and  
Ms. Maureen Raynor  
Deputy Superintendent of  
Oyster Bay-East Norwich Central School District

In planning and performing our audit of the financial statements of the governmental activities, and each major fund of the Oyster Bay-East Norwich Central School District (the “District” as of and for the fiscal year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our current year audit, we have not identified any areas in which the District’s internal controls can be improved.

The District has implemented very strong controls and we have noted the business office has excellent financial operations.

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## **STATUS OF PRIOR YEAR RECOMMENDATIONS**

### **CASH MANAGEMENT**

#### **Investigating Old Outstanding Checks**

**FINDING:** During our prior year audit, we noted old outstanding checks for more than one year were being carried on the monthly bank reconciliations in the general, federal, and school lunch fund, for immaterial amounts. We recommended that old outstanding checks be investigated and removed from the bank reconciliations and the accounting records be adjusted accordingly.

**STATUS:** **Implemented**

### **CAPITAL ASSETS**

#### **Monitoring Capital Assets**

**FINDING:** During our prior year audit, we noted the District did not reconcile their capital asset records to the full capital assets appraisal report prepared by the outside appraisal company. We recommended that, when hiring an outside appraisal company to do a full appraisal, the District reconciles their capital asset records to the appraisal report in a timely manner.

**STATUS:** **Implemented**

### **CAPITAL PROJECTS**

#### **Capital Projects Fund**

**FINDING:** During our prior year audit, we noted capital projects with balances that appeared to be closed, as there were no current revenues or expenditures recorded for these projects. We recommended that the District perform a review of each capital project to determine whether the capital project should be closed out and the applicable fund balance transferred back to the general fund or used to offset future debt service payments based on the source of revenues.

**STATUS:** **Substantially Implemented**

### **SCHOOL LUNCH**

#### **Fund Balance**

**FINDING:** During our prior year audit, we noted the school lunch fund balance exceeded the three-month average expenditure level allowable by federal regulations 7CFR Part 210.14(b) by \$92,557. We recommended that the District continue to monitor and take the necessary steps to utilize the excess fund balance in the school lunch operations.

**STATUS:** **In process,** The District plans on spending the excess funds by purchasing new line equipment, new freezers and refrigerators, and upgrading kitchen cabinetry.

## **FUND BALANCE MANAGEMENT**

### **Employee Benefit Accrued Liability Reserve**

**FINDING:** During our prior year audit, we noted the District had a balance of \$2,169,371 in its employee benefit accrued liability reserve. The estimated liability for compensated absences calculated by the District appeared to be lower than the reserve. We noted the District appropriated \$33,329 of the reserve for prior year compensated absence payments. We recommended that the District continue to appropriate the reserve for current year payments for compensated absences.

**STATUS:** In process

## **ACCOUNTING POLICIES & PROCEDURES**

### **Budget Transfers**

**FINDING:** During our prior year audit, we noted that budget line-item appropriation codes were over expended throughout the year. Although the District did not over expend the general fund budget in total, we noted that budget transfers were not made until year end to cover the over expended budget line appropriation codes. We recommended that the District properly monitor budgeted appropriations and process budget transfers during the year instead of waiting until year end to properly monitor the District's general fund budget.

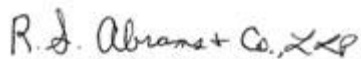
**STATUS:** Implemented

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We would like to acknowledge the courtesy and assistance extended to us by personnel of the District. Should you have any questions concerning the matters referred to in this letter, we shall be pleased to discuss them with you, at your convenience.

This communication is intended solely for the information and use of the Board of Education, the audit committee, management, federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



R.S. Abrams & Co., LLP  
Islandia, New York  
September 20, 2022